

# City of Detroit

## CITY COUNCIL

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TO: Lawrence Hemingway, Deputy Director  
Recreation Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

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DATE: April 23, 2008

RE: 2008-2009 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, April 25, 2008 at 1:30 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Pamela Scales, Budget Department Director  
Donna McAlister, Budget Department  
Norman White, Chief Financial Officer  
Kerwin Wimberly, Mayor's Office

## **Recreation (39)**

### **FY 2008-09 Budget Analysis by the Fiscal Analysis Division**

The Recreation Department is a General Fund agency. The recommended 2008-09 budget is \$30.146 million, or \$3.68 million (10.89%) less than the current year's budget. The recommended net tax cost is \$27.16 million, which is \$94,022 (0.34%) less, than the current fiscal year.

The Mayor has recommended a \$3.08 million decrease in the Recreation Department's capital program, decreasing it to \$1 million for FY 2008-09. The decrease includes the elimination in funding for the following: Parks and Landscapes of \$1 million, Belle Isle Park & Rouge Park of \$2 million, and Recreation Facilities Improvements of \$1.5 million. Capital Improvements remains at \$1 million and transfers from appropriation 00905 Capital Improvements to 12659 GO Bonds Capital operations in the 2008-09 FY.

The Mayor has recommended the following capital improvement programs for the department:

	<b>2007-08 FY</b>	<b>2008-09 FY</b>
Capital Operations (GO Bonds Capital)	\$ 1,000,000	\$ 1,000,000*
Parks and Landscape	\$ 1,000,000	\$ 0
Belle Isle Park Development	\$ 1,085,000	\$ 0
Recreation Facility Improvements	\$ 1,000,000	\$ 0
<b>Totals</b>	<b><u>\$ 4.085 million</u></b>	<b><u>\$ 1 million</u></b>

\*Transfers to a new capital appropriation (GO Bonds Capital)

### **2007-08 Surplus/(Deficit)**

The Administration anticipates a net surplus of \$57,528 for the current fiscal year. The department's projected surplus is due primarily to an appropriation surplus of \$104,725 due to costs associated with seasonal employees and overtime, offset by a revenue deficit of \$47,197.

### **Overtime**

The department has a 2007-08 overtime budget of \$482,356. As of March 31, 2008, the department has expended \$91,284 on overtime. The recommended overtime budget for 2008-09 is \$476,071.

### **Personnel and Turnover Savings**

The Mayor recommends zero net changes to the overall number of positions.

The Administration is however, increasing the number of full-time City positions by three (3), increasing part-time City positions by one (1), increasing capital positions by one (1) and offsetting the increases by reducing the number of seasonal positions by five (5). Thereby resulting in a zero net gain/loss in positions for the 2008-09 FY.

The Mayor recommends no turnover savings in 2008-09.

The following is information by appropriation comparing current FY 2007-08 filled positions, and FY 2008-09 recommended positions, as of March 31, 2008.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 07/08 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Recreation (39):</b>					
<b>00905 1994-Capital Improvements</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>
<b>11654 Adult Day Care Grant 2006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>
<b>11656 Recreation Management</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>0</b>	<b>\$ -</b>
395155 Butzel Family Center	2	1	2	(1)	\$ -
395165 Recreation Camp	0	0	0	0	\$ -
395175 Security	0	1	0	1	\$ -
395180 Administration Support Unit	2	4	2	2	\$ -
395185 Rogell Golf Course	0	0	0	0	\$ -
395190 Henderson Marina	4	2	5	(2)	\$ -
395192 Henderson Marina Summer Only-M	0	0	0	0	\$ -
<b>11657 Business Operations &amp; Support Svc.</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>0</b>	<b>\$ -</b>
395200 Landscape Design Unit	3	3	5	0	\$ -
395210 Strategic Planning & Grants	2	2	2	0	\$ -
<b>11658 Planning, Design &amp; Const. Mgmt.</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>0</b>	<b>\$ -</b>
395300 Buildings & Ground Maintenance	0	0	0	0	\$ -
395310 Ground Maintenance	0	1	0	1	\$ -
395320 Seasonal Ground Maintenance	0	0	0	0	\$ -
395330 Building Repair & Improvements	0	1	0	1	\$ -
395333 Forestry	0	0	0	0	\$ -
395335 Vacant Lots	0	0	0	0	\$ -
395340 Forestry Administration	0	0	0	0	\$ -
395360 Nursery	0	0	0	0	\$ -
395370 Floriculture	0	0	0	0	\$ -
<b>11659 Buildings &amp; Ground Maintenance</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>\$ -</b>
395400 Huber Facility	0	0	0	0	\$ -
395410 Huber Storeroom	0	0	0	0	\$ -
<b>11660 Huber Facility &amp; Storeroom</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>
395500 Forestry Operations Administration	0	0	0	0	\$ -
395510 Forestry Operations	0	0	0	0	\$ -
395520 Nursery	0	0	0	0	\$ -
395530 Floriculture	0	0	0	0	\$ -
<b>11661 Forestry Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>
395605 Building Operations	0	0	0	0	\$ -
395610 North Building Operations	0	2	0	2	\$ -
395620 South Building Operations	0	0	0	0	\$ -
395630 East Building Operations	0	0	0	0	\$ -
395640 West Building Operations	0	0	0	0	\$ -
395650 Roving Cleaning Crew	0	0	0	0	\$ -
<b>11662 Building Operations</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>\$ -</b>
395700 Recreation Operations Administration	5	5	7	0	\$ -

395705 Recreation Operations	143	126	143	(17)	\$	-
395707 Rec Operations-Summer Only-Motto	0	0	0	0	\$	-
395710 North Recreation Operations	0	170	0	170	\$	-
395720 South Recreation Operations	0	0	0	0	\$	-
395730 East Recreation Operations	0	0	0	0	\$	-
395740 West Recreation Operations	0	0	0	0	\$	-
<b>11163 Recreation Operations</b>	<b>148</b>	<b>301</b>	<b>150</b>	<b>153</b>	<b>\$</b>	<b>-</b>
395800 Special Programs	0	0	0	0	\$	-
395810 Special Services	0	0	0	0	\$	-
395820 Physically Challenged Program	0	0	0	0	\$	-
395830 Athletic Office	0	0	0	0	\$	-
395840 After School Program	0	0	0	0	\$	-
<b>11164 Programming</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
395900 Belle Isle Operations Administration	9	6	7	(3)	\$	-
395910 Forestry Operations	0	0	0	0	\$	-
395920 Ground Maintenance	0	0	0	0	\$	-
395930 Seasonal Ground Maintenance	0	0	0	0	\$	-
395940 Building Operations	0	0	0	0	\$	-
395950 Recreation Operations	7	0	4	(7)	\$	-
395957 BI Rec Oper-Summer Only-Motor City	0	0	0	0	\$	-
395960 Detroit Boat Club	0	0	0	0	\$	-
<b>11665 Belle Isle Operations</b>	<b>16</b>	<b>6</b>	<b>11</b>	<b>(10)</b>	<b>\$</b>	<b>-</b>
<b>11166 Youth</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>11167 Eastern Market</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>12141 Historic Fort Wayne</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>12147 Senior Citizens Advocacy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>12149 Outreach &amp; Assistance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>12150 Consumer Advocacy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>12659 GO Bonds Capital Operations</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>39XXXX PART-TIME EMPLOYEES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
<b>39XXXX Cost Center Not on File</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$</b>	<b>-</b>
39XXXX Leave of Absence	0	(7)	0	(7)	\$	-
39XXXX Worker's Comp.	0	(3)	0	(3)	\$	-
39XXXX Unmatched Positions	<u>0</u>	<u>5</u>	<u>0</u>	<u>5</u>	<u>\$</u>	<u>-</u>
<b>TOTAL</b>	<b><u>194</u></b>	<b><u>336</u></b>	<b><u>194</u></b>	<b>142</b>	<b><u>\$</u></b>	<b>-</b>

#### Significant Funding by Appropriation

##### Appro.    Program

11656	Recreation Management	This appropriation decreases by \$115,014 (7.4%) in the 2008-09 FY. This is due to a \$53,867 decrease in salaries & wages and a \$61,147 decrease in benefits in 2008-09 FY.
11657	Business Operations & Support Services	This appropriation is increases by \$291,874 in the 2007-08 FY. The increase is due primarily to the addition of org 395192 Henderson Marina Summer Only-Motor in the amount of \$193,431, a \$45,544 increase in org 395280 Administration Support Unit, a \$21,415 increase in org 39190 Henderson Marina,

a \$18,014 increase in org 39-5155 Butzel Family Center, a \$10,000 increase in org 395192 Chene Park and a \$3,470 increase in org 39-170 Technology & Information Systems.

11667	Eastern Market	This appropriation of \$162,914 increases slightly by \$612 in the 2008-09 FY.
11658	Planning, Design & Construction	This appropriation increases by \$210,800 (45.5%) in the 2008-09 FY. The increase is due to a \$211,968 in the Landscape Design Unit due to the costs related to the increase of two positions, offset by a \$1,168 reduction in Strategic Planning and Grants.
11663	Recreation Operations	This appropriation decreases by \$613,954 in the 2008-09 FY. The decrease is due primarily to a \$1.2 million reduction in org 395705 Recreation Operations, which includes a \$1.4 million reduction in employee benefits, offset by an \$181,118 increase in salaries full-time; and the \$1.2 million reduction is offset by a increase due to the creation of org 395707 Rec Operations-Summer Only at \$626,191.
11666	Youth	This appropriation of \$120,070 increases by \$7,207 in the 2008-09 FY.
12329	2007-08 STEPS	This grant appropriation budgeted at \$380,000 is discontinued in 2008-09 FY.
12554	2008-09 Dreaming While Achieving	This grant appropriation is renamed for accounting purposes from 12330 2007-08 Dreaming While Achieving and is budgeted at \$176,607 in 2008-09.
12555	2008-09 S.A.F.E.T.Y. Organization	This grant appropriation is renamed for accounting purposes from 12331 2007-08 SAFETY Organization and reduced from \$198,751 to \$131,175 in 2008-09.
12556	2008-09 S.A.F.E.T.Y. Local	This grant appropriation is renamed for accounting purposes from 12332 2008-08 SAFETY Local and reduced from \$22,084 to \$14,575 in 2008-09 FY.
12374	2007-08 Cultural Connection	This grant appropriation budgeted at \$40,000 in the 2007-08 FY, is discontinued in 2008-09.
12375	Technical Assistance	This grant appropriation budgeted at \$20,000 in the 2007-08 FY, is discontinued in 2008-09.
12550	2008-09 Mini Grant Administration	This grant appropriation renamed for accounting purposes from 12372 2007-08 Mini Grant Adm and reduced from \$22,350 to \$15,000 in 2008-09.

12551	Mini Grant	This grant appropriation is renamed for accounting purposes from 12373 Mini Grant and is reduced from \$64,600 to \$45,000 in 2008-09.
12552	2008-09 City Arts Grants Program	This grant appropriation is budgeted at \$10,000 is renamed for accounting purposes from 12371 2007-08 City Arts Grants Program 2007-08.
12553	2008-09 National Arts	This grant appropriation is budgeted at \$3,000 is renamed for accounting purposes from 12376 2007-08 National Arts in 2008-09.
11665	Belle Isle Operations	This appropriation increases by \$112,000 in the 2008-09 FY. The increase is due primarily to an \$194,075 increase in org 395957 B.I. Rec Oper-Summer Only-Motor City, offset by a \$77,810 reduction in org 395950 Recreation Operations and a \$3,385 reduction in org 395900 Belle Isle Operations Administration.
12141	Historic Fort Wayne	This appropriation budgeted at \$327,912 in the 2007-08 FY, increases by \$48,967 to \$376,879 due primarily to \$23,000 in increased utilities costs, a \$9,500 increase in operating supplies-miscellaneous, and salary and benefits increases.
12659	GO Bonds Capital Operations	The Mayor elected not to accommodate all of the department's capital bond requests to control the level of bond sales city wide in 2008-09, this was decreased by \$4.08 million overall from the previous fiscal year, to \$1 million in 2008-09 FY.

#### Significant Revenue Changes by Appropriation and Source

##### Appro.    Program

11656	Recreation Management	This revenue of \$630,996 in the 2008-09 FY remains unchanged from the 2007-08 FY, despite <u>actual revenue collections</u> of \$981,195 in 2006-07 FY.
11657	Business Operations & Support Services	This revenue appropriation increases by \$37,394 due to the creation of new revenue org 395160 Northwest Activities Center.
11663	Recreation Operations	This revenue of \$70,000 in 2008-09 FY remains unchanged from the current fiscal year.

**Recreation Department (39)**

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2007-08 <u>Budget</u>	FY 2008-09 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration	\$ 60,000	\$ 60,000	\$ -
Business Operations	289,750	296,220	6,470
Planning, Design & Construction	-	-	-
Recreation Operations	200,000	200,000	-
Youth Services	777,442	322,357	(455,085)
Programming	159,950	73,000	(86,950)
Belle Isle Operations	75,000	82,000	7,000
Historic Fort Wayne	-	-	-
Capital Projects-Bonds	<u>250,000</u>	<u>134,928</u>	<u>(115,072)</u>
<b>Total</b>	<b><u>\$ 1,812,142</u></b>	<b><u>\$ 1,168,505</u></b>	<b><u>\$ (643,637)</u></b>

Professional and contractual services for the Recreation Department decrease by \$643,637 (35.5%) in the 2008-09 fiscal year. The \$643,637 decrease is due primarily to a \$455,085 decrease in Youth Services and an \$86,950 decrease in Programming, offset by slight increases in Belle Isle Operations (\$7,000) and Business Operations (\$6,470).

Issues and Questions**Pg 39-3 PLANNING FOR THE FUTURE FOR FY 2008-09 and BEYOND**

- The department states it will continue to use annual Casino funding to pay for seasonal employees and capital/maintenance projects. How does the department plan to use the Casino funding in the upcoming 2008-09 fiscal year?
- The new Farwell Recreation Center has opened without a pool or a gym. The department has indicated that plans to include a pool and gym are coming with another phase of construction. What are the department's plans in regard to adding these amenities to Farwell? Can the Casino funds be used for this project?

**Pg 39-12 PLANNING, DESIGN & CONSTRUCTION MANAGEMENT DIVISION**

- The Administration has scaled back capital funding for the Recreation Department to \$1 million in 2008-09, from a projection of \$4.085 million in 2007-08, and an actual figure of \$16.35 million in the 2006-07 FY. What is the rationale for only \$1 million in capital funding for Recreation?

## **Pg 39-16 PLANNING FOR THE FUTURE FOR FY 2008-09, 2009-10 and BEYOND**

- The 2008-09 FY budget includes \$8 million in funding for summer seasonal staff and capital/maintenance projects at the recreation centers. What projects are included in the list items for the \$8 million allocation for the upcoming fiscal year?
- The department will “re-evaluate” its closed centers to determine the feasibility of reopening some of them. What measures is the department planning to take to conduct the process of reevaluating the status of its closed recreation centers? When does the department anticipate it will complete its reevaluation process?

## **Pg 39-17 RECREATION OPERATIONS MEASURES AND TARGETS**

- Recreation memberships have dipped significantly from 2005-06 as the chart below indicates. What was the cause of the department’s significant membership loss and what plans does the department have in regard to restoring its membership base?

<b>Fiscal Year</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Projected</b>	<b>2008-09 Target</b>
<b>Average total recreation memberships</b>	<b><u>17,633</u></b>	14,178	14,200	14,500
<b>Difference from 2005-06 Actual +/-</b>		<b>(3,455)</b>	<b>(3,433)</b>	<b>(3,133)</b>

- The Recreation has moved its administrative offices from the Cadillac Tower to the Norwest Activities Center as a cost savings measure. Has the department realized an annual cost savings? If so, how much? If not, why?

**In the 2006-07 fiscal year, Recreation was scheduled to have transferred 256 employees to General Services.**

- How has the loss of the employees and the operations moved from Recreation to General Services impacted the daily operations of the Recreation Department?
- Has the Recreation Department received timely service of its maintenance requests by the General Services Department?
- What are the department’s plans in regard to the Farm-a-Lot program?

## **Page D126 Executive Budget Summary:**

- According to the detail in the Executive Budget Summary, in the current fiscal year, the department renovated and repaired the Woodside comfort station and administered several Belle Isle improvement projects such as restroom renovations and picnic area renovations. What measures does the department plan to put in place to secure these areas from vandalism, thereby securing this and other capital investments?



## Page D133 Executive Budget Summary:

- As the chart below indicates, Revenues from Use of Assets has historically fallen far short of the department's projected goals. The (2006-07) actual revenue collections history in the Revenues from Use of Assets category is 84% below the Mayor's current recommendation in this category. What is the rationale for the revenue estimates indicated below?

REVENUES	2006-07 Actual Revenue	2007-08 Red Book	2008-09 Mayor's Rec'md Budget	'06-07 Actual Over/(Under) '08-09 Mayor's Budget	%Actual Rev Over (Under) Mayor's
<b>Revenues from Use of Assets</b>	<b>\$1,311,378</b>	<b>\$3,413,966</b>	<b>\$2,413,996</b>	<b>(\$1,102,618)</b>	<b>-84.1%</b>
Grants/Shared Taxes	\$1,566,891	\$937,392	\$395,357	\$1,171,534	74.8%
Sales Charges	\$147,949	\$10,000	\$47,394	\$100,555	68.0%
Contribution	\$62,084	\$0	\$0	\$62,084	100.0%
Miscellaneous	<u>\$796,437</u>	<u>\$2,210,000</u>	<u>\$125,000</u>	<u>\$671,437</u>	<u>84.3%</u>
<b>Recreation Revenue Totals</b>	<b>\$3,884,739</b>	<b>\$6,571,358</b>	<b>\$2,981,747</b>	<b>\$902,992</b>	<b>23.2%</b>

## Recreation Department's Strategic Master Plan

The Strategic Master Plan included condition and capacity reports for both the Recreation Department's parks and recreation centers. Of the department's 308 parks, 153 are in fair condition (49.7%), 124 are in poor condition (40.2%) and 33 are in good condition (10.7%). In addition, a majority of the parks do not have sufficient improvements for their park classification and recreation function. In regard to the Recreation Centers, the department reported that of its 21 open recreation centers nine (9) were closed in January 2006, nine (9) are open and in good condition (42.9%), five (5) are in fair condition (23.8%), and seven (7) are in poor condition (33%)

- How have these conditions changed since the release of this report?
- The department has stated it will "re-evaluate" its closed centers to determine the feasibility of reopening some of them. How many of the department's closed recreation centers may be slated to potentially reopen within the next year?

It is the Administration's position to no longer count seasonal employees as FTE's, but to instead, put funding for seasonal employees in a separate cost center.

- How much money has been set aside for seasonal employees in 2008-09, and approximately how many seasonal employees does the department plan on hiring?
- How many seasonal employees were hired in the current fiscal year

Provide a list of all fees and charges made by the Recreation Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? Is so, identify what the systems are, and what the plans and timetable is to incorporate the system into DRMS. Example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system.

IC:DH